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Contact: Ari B. Adler
517-373-5886

Analysis of past budgets shows Medicaid costs rising exponentially

*Senate majority leader says divesting from future to pay for
today's needs cannot be sustained in the 2006 budget*

LANSING – An analysis of the past four state budgets revealed a startling trend and Senate Majority Leader Ken Sikkema said today that divesting from the future to pay for today's needs cannot be sustained in the 2006 budget.

“The real story of the state budget is pretty simple. We’ve severely cut spending in higher education, community colleges, and local government services while maintaining spending in other areas just to pour money into Medicaid,” said Sikkema, R-Wyoming. “This cannot be sustained in the 2006 budget. We must address the Medicaid program, including what is mandated by the federal government and how we have expanded services beyond the basic level.”

According to the nonpartisan Senate Fiscal Agency, the Department of Community Health budget has increased nearly 31 percent in the past four years. Meanwhile, total state spending for community colleges, universities and state support for local government services has decreased more than 40 percent.

“We are not controlling costs on many areas of community health and everyone is paying for it,” said Sikkema, R-Wyoming. “At this rate, it’s really going to hit home in other budget areas.”

Sikkema noted that a review of Medicaid must include the programs offered, the level of service provided, eligible recipient groups and the most cost-effective way of providing services. According to the Senate Fiscal Agency, just the non-mandatory Medicaid expenditures for fiscal year 2004-05 are estimated to be \$2.5 billion.

“Michigan provides more types of healthcare services to more groups than other states and more than is required by the federal government,” Sikkema said. “Medicaid spending has to be capped in the 2006 budget. We are not raising taxes and it’s irresponsible to keep cutting other areas because of our inability or refusal to make tough decisions on Medicaid.”

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28TH SENATE DISTRICT

**State Spending from State Resources Appropriations
Total Compared to Selected Budget Areas
FY 2000-01 to FY 2004-05**

Department/Budget Area	Four-Year Dollar Change	Four-Year Percent Change
Community Health.....	\$ 943,438,700	30.6%
Corrections.....	103,771,900	6.2
K-12 School Aid	441,615,000	4.1
Community Colleges	\$ (39,264,719)	(12.1)%
Higher Education.....	(221,000,408)	(11.6)
Revenue Sharing	(428,719,700)	(27.6)
Total State Spending.....	\$381,915,723	1.5%

Source: Senate Fiscal Agency